DEPARTMENT OF THE ARMY Corps of Engineers, Omaha District 215 North 17th Street Omaha, Nebraska 68102-4978

CEMRD-AO-O

Memorandum No. 11-2-1

1 September 1990

Army Programs DOCUMENTATION OF COST REIMBURSABLE CONTRACT COSTS

- 1. <u>Purpose</u>. To prescribe policies and procedures for documentation in support of payments to contractors for reimbursement under all Civil contracts containing cost reimbursable provisions.
- 2. Applicability. This memorandum is applicable to all elements of the Omaha District involved in Civil cost reimbursable-type contracts.
- 3. Reference. ER 11-1-26, Chapter 3
- 4. Responsibilities.
 - a. Omaha Resident Audit Office.
- (1) Determine the propriety of cost incurred prior to date of contract, home office engineering costs, and right-of-way acquisition charges.
- (2) Perform a desk audit on all partial payment requests prior to payment verifying that costs are reimbursable under the contract provisions and supported by a certified MRO Form 864 (Daily Work Report), or certified contractor generated reports.
- (3) Perform a final audit of all costs after the contract work is completed and prior to final payment being made.
- b. <u>Field Offices</u>. Will prepare MRO Form 864, to substantiate all work completed by the contractor's own work forces as provided in paragraph 5 below.

5. Procedures.

- a. Daily Work Report. Procedures will be established to ensure an accurate record of work completed. Reports will be neat and legible and in detail to enable auditors to perform desk audits of contractors invoices. If additional space is necessary, overlapping columns is permitted. Contractors may use their own form(s) provided data and/or information is identical to the District form in the same sequence. An example of a completed report is in the Appendix. Requirements regarding surveillance of contract work and preparation of MRO Form 864 are:
- (1) <u>Labor</u>. The name of the contractor employee, labor classification, and the hours involved each day on the contract work should be listed in the "Labor" section of MRO Form 864. The Government inspector should

make at least one field check during the day to determine that all employees entered on the timesheet are on the job. If it is not possible to field check all employees, an indication should be made on the report of those who were actually field checked. As often as is necessary, but not less frequently than weekly, the labor hours will be reconciled with the timebook of the contractor's foreman assigned to the job. No changes will be made in the Government inspector's Daily Work Reports when they do not reconcile with the timebook of the contractor's foreman, unless it can be definitely established by the inspector that the information contained in the timebook is correct and that an error has occurred in recording the hours worked.

- (2) Plant and Equipment. All plant and equipment utilized by the contractor for work performed by the contractor's own forces will be verified by a daily check of the plant and hours in use. A complete description of the plant or equipment, hours in use each day on the contract work, idle or standby time, and any other pertinent information, such as the date equipment arrived and was removed from the job, should be listed in the "Equipment" section of MRO Form 864.
- (3) Materials Contractor-Furnished. Materials and supplies furnished by the contractor and used in the contract work, whether procured direct or issued from existing stocks, should be jointly inspected by the Government and contractor's representative when received at the project site and listed in the "Materials" section of MRO Form 864. Any materials not used and returned to the contractor's stock will be listed in the "Materials Removed From Site" section of MRO Form 864 and identified as a credit for materials returned to the contractor.
- (4) Salvage. When the contract provides that the Government is to receive credit for those materials salvaged from the existing facility and not reused in the new facility, the items salvaged will be jointly inspected by the Government and contractor's representative, listed in the "Materials Removed From Site" section of MRO Form 864, and identified as a credit for materials salvaged and returned to the contractor.
- (5) Reconciliation. The reports covering plant and equipment, materials, and salvage should be reconciled in the same manner as outlined for labor in paragraph 5a(1) above.
- (6) Completion of Report or Report Completion. The heading in the MRO Form 864, should be completed to show the report and contract number, contractor's name and job number, period covered, and location of the work. The work train data and car number for incoming and outgoing materials should be furnished whenever applicable. The reports must be certified by the authorized representative of the Contracting Officer (COR) and where possible by the contractor's representative. All reports should be mailed to the Omaha Resident Audit Office (CEMRD-AO-O) at the end of each week or month, whichever is applicable. Where it is impracticable for the COR to certify each MRO Form 864, the reports may be signed by the responsible Government inspector and summarized by a carrying letter containing the following certificate

signed by the authorized representative of the Contracting Officer:

"The iter	ms of	Labor	, Equipmen	nt, Mate	erials,	etc.,	as	shown	on	the
attached	MRO	Form 8	864 (Daily	Work I	Report)	No.				oug h
No		are	certified	correct	t as sh	nown	there	on."		Ŭ

Authorized Representative of the Contracting Officer

b. Work Subcontracted under Prime Contract. It is not necessary to compile field workpapers on work performed under subcontracts awarded under the provisions of the prime contract. Field inspectors, however, should inspect the work accomplished under these subcontracts in order that the Area or Resident Engineer can certify that the work billed for was actually accomplished. The following certificate, when required, should be typed on the face of the contractor's invoice and signed by the authorized representative of the Contracting Officer:

"I certify that the construction work performed by the subcontractor has been inspected and completed to the extent indicated by this billing and is in accordance with the contract requirements."

Authorized Representative of the Contracting Officer

c. <u>Home Office Expenses</u>. Where it is not possible to make regular field checks and workpapers on the contractor's activities, such as contractor's field engineering survey parties, home office engineering personnel, right-of-way acquisition, subcontract engineering, etc., the following certificate will be typed on the face of the contractor's invoice and signed by the authorized reresentative of the Contracting Officer:

"I certify that the services billed hereon (services not substantiated by field work reports) appear reasonable, were performed as indicated, and are in accordance with the contract requirements."

Authorized Representative of the Contracting Officer

6. <u>Materials - Government-Furnished</u>. Any Government-owned materials and supplies furnished the contractor will be reported to the District Property

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Administrator on DD Form 1149 (Requisition and Invoice/Shipping Document), DD Form 1155 (Order for Supplies or Services/Request for Quotations), or DD Form 250 (Materials Inspection and Receiving Report), as appropriate.

- 7. <u>Invoices</u>. Arrangement should be made with the contractor to submit the invoices in original and three copies. Invoices covering costs incurred under cost reimbursable contracts should be prepared by the contractor at least quarterly. The invoices should be submitted through the Field Office and forwarded to the Omaha Resident Contract Audit Office (CEMRD-AO-O) with ENG Form 4480 (COEMIS-Accounting Entry/Reference Document) to cover the amount billed.
- 8. Omaha Resident Contract Audit Office. The invoices received from the contractor will be desk audited against MRO Form 864. Any differences noted will be summarized by memorandum and returned to the Field Office for explanation. Based on the additional data received from the Field Office, items will be either approved for payment or deducted from the contractor's invoice. Periodic audits of all contract costs will be made against the basic accounting records at the contractor's home office.

FOR THE COMMANDER:

Appendix Sample MRO Form 864

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Deputy Commander

DISTRIBUTION:

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APPENDIX

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	LABOR .		EQUIPMENT							
EMPLOYEE	CLASS IF	MORK BOU AVEL REQ.	R8	DESCRIPTION		URS STAND-BY II				
Walter Jeitz	Fmn	8	1	1 - 3-Ton Truck	8	91140-91 II				
Pat Fisher	Labr	8		2 - 100 cu.ft.Air Comp						
Ray Jones	Labr	8		1 - 8-Ton Crane	8					
Tom Mix	Labr	8		l - Mtr Car	8					
John Car	Labr	8		l - Diesel Pile Driver	8					
Paul Public	Sig Maint	8		1 - 25 HP Tractor	8					
Lad Hinton	Elec	8		Welder, Elec, Trk 1 - Mounted						
Guy Homer	Trk Driver	8		2 - Ballast Car	8 8 ea					
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